



DEPARTMENT OF THE NAVY  
OFFICE OF THE ASSISTANT SECRETARY  
(FINANCIAL MANAGEMENT AND COMPTROLLER)  
1000 NAVY PENTAGON  
WASHINGTON, D.C. 20350-1000

MAR 30 2007

MEMORANDUM FOR DISTRIBUTION

Subj: ADVANCE PAYMENTS TO NON-DEPARTMENT OF DEFENSE (DOD) FEDERAL AGENCIES FOR INTERAGENCY ACQUISITIONS

Ref: (a) OASN(FM&C) memo of 31 January 2007

The purpose of this memorandum is to provide an update to the comprehensive policy guidance provided by reference (a). Subsequent to the promulgation of reference (a), the Under Secretary of Defense (Comptroller) (USD(C)) released additional guidance associated with the subject matter. Therefore, guidance contained in enclosure (2) of reference (a) is hereby rescinded. The new policy is provided below:

Unless specifically authorized by law, legislative action or Presidential authorization, advance payments to non-DoD federal entities are not allowed. DoD policy requires express language in DoD legislation specifically authorizing the Department to make advance payments to non-DoD federal entities. DoD legislation does not currently provide authority to provide advance payments.

- Commands must clearly note on funding documents that advance payments are not authorized. Should the legislative status for the DON change regarding advance payments, the specific law or Presidential authorization allowing the advance must be cited on the document.
- All existing advance payments currently retained by a non-DoD entity must be returned. Therefore, if an advance payment has been provided and the DON has not yet received the goods or services requested, the residual amount of any advance payment must be recouped. The non-DoD entity may then bill for the remainder of the effort when the goods or services are provided to the DON.
- To facilitate efforts with non-DoD entities, while ensuring compliance with all other applicable laws and policies, commands should consider financing efforts such as planning and design with one funding request and the subsequent effort with a separate funding request. This practice will enable the non-DoD organization to collect reimbursement for work as it is completed.

By copy of this memorandum, assistance is requested of DFAS to help implement this policy. Assistance is required in both the collection of previously provided advance payments, which will be identified by DON commands, as well as the implementation of an accounting

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process to ensure that no advance payments are processed for DON funds, unless in compliance with this memorandum.

Questions from Budget Submitting Offices should be addressed to Ms. Betty Talbert, (703) 692-4809, email [elizabeth.talbert@navy.mil](mailto:elizabeth.talbert@navy.mil) or Ms. Pam Balla, (703) 695-5816, email [pamela.balla@navy.mil](mailto:pamela.balla@navy.mil). Questions from all other subordinate commands should be addressed through the chain of command.

  
**S. D. BOZIN**  
Rear Admiral, U.S. Navy  
Director, Office of Budget

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